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Attn:
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Chief St/I/E

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Chief D/S
Chief S/ST

Requirements on International Banking Activity in Austria, Belgium,
France, Switzerland

25X6A

BACKGROUND

1. Strategic trade between the West and the Sino-Soviet Bloc must necessarily be accompanied by routine financial transactions through Free World banking institutions. Although most of this activity takes place within the scope of normal banking operations and violates none of the applicable laws, valuable information is contained in the banking records connected with such transactions. In addition to banks which are involved in financing apparently legal trading activity, specific banks have been mentioned as being either under some form of Communist control or used to a significant degree in connection with illegal strategic trade. (A list of selected banks in this category is provided as Attachment 1.)

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25X6A 2. Prior to the enactment

banks financed a substantial portion of the strategic trade with Bloc countries. Since that time, involvement banks has apparently been limited to the financing of legal trade and the maintenance of Bloc accounts and currency deposits. Switzerland is now considered to be the most active center for the financing of strategic trade, due to the extensive facilities available, its central location, and particularly the protection afforded by Swiss banking secrecy laws. These regulations, which permit the use of coded accounts, have made it extremely difficult to obtain financial information. Recent reports indicate the emergence of Vienna as a commercial center for Bloc trade with the West, indicating that financial activity there will increase correspondingly.

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3. In addition to use in connection with commercial transactions, Bloc accounts in Western European banks may be maintained for employment in clandestine operations, or for eventual use in the event of hostilities.

4. When available, details obtained from bank records can provide valuable specific and background information concerning:

- a. Current bloc foreign economic operations.
- b. Bloc foreign assets which might be used to counter Western economic warfare in the event of hostilities.
- c. Bloc procurement of strategic commodities and the related activities of Western European traders.

REQUIREMENTS

5. Bloc Assets: What deposits in favor of Bloc missions, agencies or firms are held by banks in these countries? In cases where specific accounts in excess of \$100,000 are known:

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- a. In what name is the account maintained? If the bank uses a confidential numbering system (such as that found in Swiss banks) what number is used for the account?
- b. What amounts are involved? In what currency?
- c. If a cover name is used to cloak the identity of the true depositor, who is the actual beneficiary of the account?
- d. Is the account in active use or is it maintained as a "sleeper"?
- e. If the account is active:
 - (1) What are the available details concerning recent withdrawals, such as date, amount and form of payment (whether check, draft, cash or transfer)?
 - (2) To whom were these funds paid and for what purpose?

6. Gold Movements: What gold movements involving Elcon missions, agencies, trading firms or individuals are taking place? In cases where specific transactions are known:

- a. What amounts and prices are involved?
- b. What is the country of origin and who is the original seller?
- c. What middlemen and intermediary transactions are involved, if any?
- d. What is the destination of the gold and who is the ultimate consignee?
- e. What is the purpose of the transaction, and what use was made of the proceeds?
- f. Are gold sales being made through unusual channels?

7. Flight Capital Movements: Are any movements of flight capital taking place?

- a. From what locations are funds being removed?
- b. What are the reasons behind the movement?
- c. To what point are the funds being relocated?

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- d. What amounts and currencies are involved?
- e. What firms and/or individuals are involved and where are they domiciled?

8. Miscellaneous: In addition, details concerning any of the following developments are desired:

- a. Unusual buying or selling of foreign currencies.
- b. Unusual "softening" of Bloc currencies or of countries located on the periphery of the Bloc.
- c. Arrangements to provide credit or other banking facilities for use in connection with the shipment of strategic goods to Bloc destinations.

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